### MONTANA OFFICE OF TOURISM AND BUSINESS DEVELOPMENT

The Montana Office of Tourism and Business Development (MOTBD) markets Montana's spectacular unspoiled nature, charming towns, and competitive business climate to promote the state as a place to visit and grow a business. This is accomplished through technical assistance, research, access to grants and loans and inspiring out-of-state visitation.

### 2017 Biennium Successes

**TOURISM MARKETING** continues to result in recording-breaking visitation, with 12.4 million out-of-state travelers making a trip to Montana in 2016. These visitors spent \$3 billion in our charming towns, supporting main street businesses. For the first time in a decade, Montana has research that provides actionable data about how to market Montana and target high-potential visitors. This means we're doing business smarter than ever before and scrutinizing every dollar that's spent to maximize our return.

**FEDERAL STATE SMALL BUSINESS CREDIT INITIATIVE (SSBCI)** The Department of Commerce completed the federally-funded program after closing 50 loans, totaling \$12.8 million over the last 6 years. This program leveraged an additional \$111 million in investment and helped create or retain more than 1,200 jobs in Montana. Federal SSBCI leadership recognized Montana for its best-in-class program management and the 9:1 leveraged funds ratio.

**CERTIFIED REGIONAL DEVELOPMENT CORPORATIONS (CRDCs)** In Fiscal Year 2016, \$478,125 was split among 11 CRDCs to provide 126 loans of over \$8.3 million, leveraging an additional \$13.6 million. The CRDCs assisted 1,061 businesses and created or retained more than 530 jobs.

MONTANA TECHNOLOGY INNOVATION PARTNERSHIP (MTIP) assisted GeneSearch Inc. on a successful Phase II NIH SBIR proposal. The complex and lengthy commercialization plan required for submission was facilitated by MTIP counselors on issues concerning intellectual property, market opportunity, and the finance and revenue model. GeneSearch, Inc. was awarded \$1.79 million in Phase II NIH SBIR funds.

**RESEARCH AND INFORMATION SERVICES (RIS)** published a report highlighting the benefits of operating a specialty malt house in Montana directly resulted in the development of Montana Craft Malt, a \$15-\$20 million facility under construction in Butte. The 10,000-ton malting facility will be home to the state's only craft beer malt-house making product exclusively from Montanagrown barley.

CENSUS AND ECONOMIC INFORMATION CENTER (CEIC) facilitated the update to the Census Designated Places (CDPs) across Montana. Many of Montana's unincorporated towns are not currently represented with census boundaries and therefore detailed economic and demographic data is not available for these areas. CEIC submitted to the U.S. Census Bureau almost 250 comments from counties, local governments and private citizens across Montana. The U.S. Census Bureau has used this CEIC work to shape their Census 2020 Participant Statistical Areas Program (PSAP) and train their staff in best practices.

**OFFICE OF TRADE AND INTERNATIONAL RELATIONS (ExportMT)** provided more than \$20,000 in grant funds to Resonon, a Montana-based hyperspectral imaging machine



manufacturer and member of the Montana Photonics Industry Alliance. ExportMontana secured grant funds from SBA's Federally-funded State Trade Expansion Program (STEP) to help Montana firms expand their export markets and increase international sales. With STEP grant funds and counseling from ExportMontana and the U.S. Commercial Service, Resonon began exporting for the first time, expanding within one year to Japan, China, Singapore, Brazil, Chile, and Italy, and participating in the Governor's Trade Mission to Taiwan and South Korea. As a mark of their market successes, Resonon's sales into these new markets exceeded \$1.36 million and continue to grow. They also expect to hire 7 new employees to help meet the increased sales demand.

**MONTANA SMALL BUSINESS DEVELOPMENT CENTERS (SBDC)** network helped launch more than 70 new businesses in 2016, and helped to create or retain more than 600 jobs. The Great Falls SBDC assisted Tactical Workwear from concept to reality, including building their business plan and accessing commercial financing to open a retail space.

**OFFICE OF INDIAN COUNTRY ECONOMIC DEVELOPMENT (OICED)** has leveraged \$800,000 per FY across three programs, Native American Business Advisors, Indian Equity Fund, and Tribal Business Planning Grants to assist hundreds of Native-owned businesses in accessing commercial capital and expanding market share. A recent survey found that more than 80 percent of the supported businesses over the last five years are still in operation - a very high success rate.

**TOURISM GRANTS** assisted more than 120 businesses with nearly \$2 million in awards, which in-turn supported more than \$20 million in investment across Montana. For example, in FY16, the Montana Outfitters & Guides Association received \$28,740 to completely revise the Association's website. The revised website is unique in the outfitting industry and is fast becoming the new industry standard nationwide.



# COMMUNITY DEVELOPMENT DIVISION

The Community Development Division (CDD) provides technical and financial assistance to help communities grow and thrive through the administration of nine federal or state funded programs. This is accomplished by supporting communities through planning, project improvement activities, and long-term maintenance of local assets and resources that will promote local self-sufficiency. Programs administered by CDD include: Treasure State Endowment Program, Montana Main Street Program, Community Technical Assistance Program, Broadband for Montana Schools, Community Development Block Grant Program, HOME Investment Partnership Program, Housing Trust Fund, Montana Coal Board and Hard Rock Mining Impact Board, which are two administratively attached boards.

### 2017 Biennium Successes

During the 2017 Biennium, programs administered by the Community Development Division provided financial assistance to more than 200 communities located in 52 counties across Montana through planning or project improvement activities. Here are some examples of the work completed during the 2017 biennium:

- Belgrade: \$832,000 in HOME Investment Partnership funding to the City of Belgrade to rehabilitate a 24-unit rental housing development for income eligible families. These funds were leveraged with Housing Tax Credits, USDA Rural Development and local funding.
- Missoula: \$100,000 in CDBG Economic Development loan funding to complete façade improvements at the Roxy Theatre. Also, \$600,000 in HOME Investment Partnership funding to assist income-eligible homebuyers with down payment and closing cost assistance to purchase homes in Missoula.
- Crow Reservation/Crow Agency: \$70,000 in Coal Board funding to the Crow Indian Reservation to assist in the planning and construction of a new Head Start center at Crow Agency.
- Great Falls: \$8,000 in Montana Main Street funding to complete Pedlet planning and design work in downtown Great Falls, which resulted in the construction of a Pedlet outside of the MightyMo Brewery on Central Avenue. The owner of the MightyMo attributes the 20 percent increase in sales over the summer and hiring of new employees to the construction of the Pedlet.
- Cut Bank: \$5,000 in TSEP funding to complete a Water Preliminary Engineering Report.
   Since the completion of this PER, Cut Bank applied and was recently awarded \$750,000 in TSEP funds to complete water line replacements during the 2019 biennium.
- Laurel: \$18,000 in CDBG planning funding to update subdivision regulations in the City
  of Laurel.
- Flathead County: \$150,469 in CDBG Public Facility funding to complete ADA improvements at the Flathead County Fairgrounds. Also, \$30,000 in CDBG funding to complete a Growth Policy in Lake County.



# MONTANA HOUSING DIVISION

The Montana Housing Division strengthens our communities by increasing access to affordable homes through the Housing and Urban Development's Section 8 programs, and the Montana Board of Housing's programs. These programs include low-interest home loans and financing to help develop affordable rental housing.

### 2017 Biennium Successes

During the 2017 biennium the Montana Housing Division served 8,500 families through rental assistance and homebuyer assistance ensuring more hardworking Montanans have access to affordable homes.

- Montana's Section 8 program provided 7,300 families with rental assistance of more than \$87 million.
- Homeownership programs provided 1,200 families with low-interest loans totaling \$170 million so they could purchase a home.
- The Housing Credits program financed 13 affordable rental developments in partnership with private sector investment. A \$63 million Housing Credit investment means more hard-working Montanans have access to affordable homes.
  - Rockcress, Great Falls 124 units
  - o Gateway Vista, Billings 24 units
  - o Big Sky Villas, Belgrade 24 units
  - North Star, Wolf Point 28 units
  - Blackfeet VI, Browning 30 units
  - o Little Jon, Bigfork 31 units

Bigfork's Little Jon Apartments include 31 newly-renovated affordable homes for households earning 60 percent or less of the Area Median Income, which for a one-person household is about \$25,500 annually. Thanks to a partnership among GMD Development, Homeword, Glacier Bank, USDA Rural Development and the Montana Department of Commerce's Housing Credits program, these homes will remain affordable for at least the next 46 years.

This project recently celebrated its grand opening acknowledging that access to affordable housing is at the core of both the economic challenge and opportunity Montanans face. Businesses and industry need workers, and those workers will always need a safe, stable and affordable place to call home. For our economy to continue growing, we must develop affordable housing for our workers and their families.



# MONTANA FACILITY FINANCE AUTHORITY

The Montana Facility Finance Authority (MFFA) is an enterprise fund administratively attached to the Montana Department of Commerce. The MFFA provides non-profit hospitals, prerelease facilities and other health facilities across Montana with access to low-cost capital financing. The lower cost of capital helps to contain the rising cost of health care in Montana while allowing facilities to improve and expand their services.

## 2017 Biennium Successes

The MFFA provides financing through the conduit issuance of tax-exempt bonds as well as loans from the Coal Tax Trust Fund and the MFFA's own Direct Loan program. During the 2017 biennium, the MFFA structured more than \$364 million in financings across the state including, Wolf Point, Forsyth, Lewistown, Superior, Townsend, Great Falls, Conrad, Deer Lodge, Bozeman, and Billings. These financings have purchased equipment, funded renovations and expansions, and refinanced debt to produce significant savings and improved services.

#### **BOND ISSUES**

During the 2017 Biennium, the MFFA issued over \$350 million in tax-exempt bonds helping Montana hospitals and health care providers access low-cost financing. These are not debts of the state of Montana, but of the institutions which borrowed the funds. By serving as a conduit to the tax-exempt markets the MFFA accomplished the following:

- By working in concert with hospitals, underwriters and banks, the MFFA issued 16 series
  of bonds for 14 borrowers including:
  - Hamilton, Marcus Daly Memorial Hospital: \$9.5 million in bonds to consolidate several loans into a low-interest financing resulting in simplified debt service and significant cash-flow savings of up to \$300,000 year.
  - Wolf Point/Poplar, Northeast Montana Health Services: \$9.8 million in bonds to refinance Series 2007 Master Loan Program Bonds at a lower interest rate resulting in \$795,000 in net savings for the hospital.
  - Bozeman, Bozeman Health Services: \$18.2 million in bonds to refinance existing debt. The financing produced \$1.85 million in net savings for the hospital.
  - Helena, Shodair Children's Hospital: \$4.7 million in bonds to refinance Series 2005 Master Loan Program Bonds at a lower interest rate resulting in \$900,000 in net savings for the hospital.
  - Great Falls, Benefis Health System: Two bond issuances totaling \$169.5 million to refinance existing debt with a lower interest rate and expand the hospital's emergency department. The financing resulted in expanded services and net savings to the hospital of \$16.5 million.
  - Missoula/Polson, Providence St. Joseph Health: A \$50.8 million private placement to refinance Series 2006 Bonds at a lower interest rate resulting in expected net savings of over \$4.7 million.



- Shelby, Marias Medical Center: \$2.1 million in bonds to refinance Series 2005
   Master Loan Program Bonds at a lower interest rate resulting in annual cash flow savings of \$39,000.
- Billings/Laurel, St. John Lutheran Ministries: A total of \$25 million to refinance existing debt and carry out minor capital improvement. Overall the financing is expected to produce over \$4.9 million in net savings for the senior care organization.

#### TRUST FUND LOAN PROGRAM

- The MFFA's Trust Fund Loan program provides up to \$1.5 million in financing at a low-interest rate with a term of up to 5 years for equipment and 20 years for property. These loans are from the Coal Tax Trust fund and allow for larger equipment purchases and renovations. Over the 2017 Biennium, the MFFA provided five Trust Fund loans for four borrowers totaling \$1.87 million including:
  - Conrad, Pondera Medical Center: A \$356,000 5-year loan with an interest rate of 3.93% to purchase the lease of the hospital's existing CT machine and renovate the Radiology Department allowing for improved patient service.
  - Helena, Spring Meadow Resources: A \$370,000 5-year loan with an interest rate of 4.11% to purchase a duplex to be converted into a 10-bed group home for disabled adults.
  - Wolf Point/Poplar, Northeast Montana Health Services: A \$771,000 7-year loan with an interest rate of 4.04% to replace the aging boiler system for its skilled nursing facility as well as mitigate asbestos. The project replaced vital equipment while reducing utility costs.

#### DIRECT LOAN PROGRAM

- The MFFA's Direct Loan program provides up to \$300,000 in financing at a low-interest rate with a term of up to seven years. These loans are typically used by small rural hospitals and other providers to finance vital equipment. Over the 2017 Biennium, the MFFA provided 10 direct loans for nine borrowers totaling \$1.84 million including:
  - Butte, Southwest Montana Community Health: A \$300,000 5-year loan with an interest rate of 2% to purchase new servers and related IT equipment allowing for improved data security and reducing the annual cost of IT support.
  - Lewistown, Central Montana Medical Center: Two loans totaling \$186,222 with 5-year terms and an interest rate of 2% to purchase a replacement C-Arm and a fluoroscopy kit. The financing replaced vital imaging equipment and allowed the hospital to add fluoroscopy services which added one new job.
  - Deer Lodge Medical Center: A \$300,000 4-year loan with an interest rate of 2% to purchase a 3D Mammography machine providing the only 3D imaging services in a 45-mile area.

The MFFA, by putting into practice cutting-edge financing solutions, continues to help Montana's vital nonprofits provide valuable services that help people, improve places and upgrade items.



# MONTANA HERITAGE COMMISSION

The Montana Heritage Commission oversees and coordinates the state-owned National Historic Landmark sites in Virginia City, Nevada City and Reeder's Alley in Helena. The state purchased these historic sites in 1997 because it represented Montana's early history with Virginia City being Montana's Territorial Capital from 1864-1875.

### 2017 Biennium Successes

The 2017 summer season which launched May 30, 2017 marked the 20<sup>th</sup> anniversary of the Heritage Commission.

- Virginia and Nevada City have more than 276 original 1860s historic buildings and structures and more than 1.2 million Americana artifacts ranging from the 1860s to the 1960s. These sites have been recognized by *The New York Times* and the Association of Museums and Historic Sites as one of the largest historic collections in the United States, second only to the Smithsonian with number of artifacts.
- Virginia City is the number one state-owned tourist destination for the sixth-consecutive year with more than 500,000 visitors arriving from Memorial Day to Labor Day each year.

Through earned revenue from our visitation success, we completed the remodel of the:

- Fairweather Inn that will be able to house 150 guests each night.
- The Governor Thomas Francis Meagher Cabin which will serve as an Interpretive Center and remain a Montana History Vacation Rental.
- The Sarah Bickford Cottage (Sarah Bickford was recently inducted into the 2014 Historical Hall of Fame).
- Convention Center at Reeder's Alley that will be used for social gatherings, weddings and office meetings.



# MONTANA BOARD OF HORSE RACING

The Montana Board of Horse Racing regulates the live, simulcast and advance deposit wagering horse racing industry while ensuring compliance by all licensees in the industry with state laws and board rules; Licensing all racing personnel, establishing race dates for various communities, and establishing veterinary practices and standards in connection with horse racing meets; Auditing, supervising and conducting investigations related to the pari-mutuel racing system in Montana.

### 2017 Biennium Successes

- In 2012, the board of horse racing was faced with a \$630,000 deficit. Every year since then, the board's goals have been two-fold. The priority has been to pay down their debt, which they continue to do approximately eight months ahead of schedule. The second priority is to support and promote the live racing industry in the state while continuing to develop new sources of revenue.
- The Montana Office of Tourism and Business Development launched a digital marketing campaign in May 2017 focused on bringing out-of-state visitors to Miles City and Great Falls for the season's horse racing events. The campaign targeted high-potential visitors in North Dakota, South Dakota, Wyoming and parts of Canada.
- Horse racing in the state is still a very popular source of entertainment, with attendance figures and dollars wagered growing each year. In 2017, five days of racing were held at the State Fair in Great Falls, a race meet that was closed in 2011 and 2012. Three days of racing were offered in Miles City contributing to a statewide of over \$640,000, a 33 percent increase in dollars wagered from 2012.
- As the funding slowly grows and the debt is retired, the board expects more days of racing and potentially additional race tracks to reopen.



# **BOARD OF INVESTMENTS**

The Board of Investments invests the State's operating, trust, insurance, and pension funds as well as a significant amount of local government money under the Unified Investment Program as required under the Constitution. Current fiduciary assets are approximately \$18 billion. The Board also managers the in-state loan programs using coal severance trust fund money as well as the Intercap loan program to local governments.

## 2017 Biennium Successes

- The Board continues to rank highly versus its peers with respect to the investment returns for pension assets.
- 2017 marks the 30th anniversary of the Intercap program which has loaned more than \$500 million all over Montana meeting many types of local government needs.
  - In 2015, the Intercap program loaned Missoula county funding to replace the 911 phone system.
  - In 2016, the Intercap program loaned the Polson elementary and high school districts funding to replace roofing.
  - In 2015, the city of Laurel received an Intercap program loan to replace and repair sidewalks and purchase fire safety equipment
  - In 2015, the city of Great Falls received an Intercap program loan to purchase trucks for its solid waste fleet, and two fire pumpers.
  - In 2013, the Three Forks elementary and high school districts accessed the Intercap program to replace its boilers.
- Since the inception of the In-State Loan program, the Montana Board of Investments has funded more than \$797 million in loans to assist Montana business.
- Over the last two years, the Board has participated with Montana banks in funding more than \$77 million in loans to assist Montana businesses that created over 300 jobs.

